Secta. II-27—108,200—21-6-52.

FINANCE (1954) Department.

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G.O. No. 130
130

Dated 6—2—1948.
6-3-1948

[Despatch Abstract]

MADRAS HOUSE ALLOWANCE - Revision of rates - Papers recorded.

Post copy of Telephone Messege, dated the 6th December, 1947, from the Deputy Secretary to Government, Finance (Pension) Department, Madras, to the Accountant General (G.A.D.Section), Madras.

Please furnish the following particulars as soon as possible:-

(i) The number of officers drawing a pay of Rs.1,000/- and over who are in receipt of Madras House Allowance; the total amount so drawn at present.

(ii) The number of officers drawing pay between Rs.750/- and Rs.1,000/-, who draw Madras House Allowance; the total amount so drawn per month at present.

(True copy)

KRVD.22.6. Superintendent, MADRAS RECORD OFFICE.

Copy of letter No.GA.Genl.369, dated the 20th December 1947, from the Assistant Accountant General, Office of the Accountant General, Madras, to the Secretary to Government, Finance (Pension) Department, Fort St. George, Madras.

Ref: Post copy of telephone messege dated the 6th December 1947.

The number of officers and the total amount of Madras House Allowance drawn for one month (October 1947) by the officers are as indicated below*

Number of officers.		Total M.H.drawn.
Officers drawing a pay of Rs.1000/- and over.	9	515 0 0
Officers drawing pay between Rs.750/- and Rs.1000/-	9	454 0 0

(True copy)

KRVD.22.6. Superintendent, Madras Record Office

P.T.O.

A brief history of the Madras House Allowance scheme.

Prior to 1-10-32 a scheme of Presidency Allowances existed. A Presidency allowance was granted to Government servants whose headquarters were situated in the Presidency town. The allowance was confined to Government servants on regular cadres posted to Madras to carry out duties of a nature similar to those on which they would otherwise be engaged in the mufassal. (In practice, this had been taken to mean officers on a scale of pay which had been fixed with reference to mufassal conditions). To posts in the Presidency Town which carried special responsibility, either specific pay or special pay was attached, the amount being fixed so as to include the extra cost of living in the Madras city and this procedure was adopted for the sake of economy. These rules were based on the recommendation of the Retrenchment Committee of 1923.

2. In 1932, the Madras Retrenchment Committee made the following recommendations for the substitution of a House Allowance for the Presidency Allowance in Madras City.

(1) Some form of compensatory allowance is justified to meet the extra cost of living in Madras City for those Government servants whose pay is fixed not with reference to Madras conditions but with reference to ordinary mufassal conditions.

(2) The main, if not the only, element in the expensiveness of Madras that need be taken into account is the extra cost of house-rents.

(3) The present system of Presidency allowances should consequently be exchanged for a system of Madras House Allowances.

The Government accepted these recommendations and accordingly decided to introduce the existing Madras House Allowance Scheme with effect from 1-10-32.

3. The following are the main features of the Madras House Allowance Scheme:-

(a) The scheme will be restricted to the following classes of Government servants whether they draw a special pay or not,

(i) Government servants belonging to a regular cadre of a service normally liable to be employed either in Madras City, ~~nnx~~ or in stations in the mufassal, who, if employed in the City, draw the scale of pay of the cadre in force in the mufassal; and

(ii) Government servants who, though not liable to be employed in the mufassal, draw pay in a scale in force both in the City and in the mufassal.

Provided that in either case they are not occupying free of rent quarters either built or rented for them by the Government or have not been granted house-rent allowances in lieu thereof.

(b) House allowance will not be admissible to the incumbent of a post in the City merely on the ground that the pay sanctioned for the post corresponds to the pay of some post in the mufassal. The duties of the posts must be comparable and doubtful cases should be referred to Government for decision.

(c) The allowance will be admissible only when the house rent proper actually paid by a Government servant is in excess of 10 per cent of his emoluments, if the house is an unfurnished one, or 12½ per cent, if the house is a furnished one. The amount of the allowance will be the actual excess over 10 or 12½ per cent of the emoluments as the case may be, subject to the following maxima:-

Group.	Class of officers.	Maximum limit of monthly house allowance.
	Gazetted officers.	
		Rs.
I.	All Government servants whose total emoluments excluding compensatory allowances exceed Rs.1,000.	100
II.	Government servants, not included in Group I, the maximum pay of whose time-scale or whose graded or fixed pay is not less than Rs.350.	75
II.	All Government servants not included in Group I and II	50
	Non-gazetted officers.	
IV.	Government servants drawing pay not less than Rs.150/	25
V.	Government servants drawing an actual pay of more than Rs.80.	15

Those who were drawing Rs.60 and less were previously paid a Presidency Allowance of Rs.6-8-0 according to the pay. This has been abolished completely with effect from 1-1-47 and the new House Rent Allowance sanctioned in G.O.No.78, Finance, dated 6-2-1947 has taken its place.

4. The principles underlying the main features of the Madras House Allowance Scheme are set out below:-

Need for the grant of House Allowance.

While examining the question in 1932, Mr. G.R.F.Tottenham, Retrenchment Secretary remarked as follows:-

> I have made such enquiries as are possible into the cost of living in Madras, as compared with other parts of the Presidency and I find that in all previous discussions of the subject, it has been generally admitted that the expensiveness of Madras lies mainly in the high level of house rents and to a less degree in the large distances and the consequent high cost of transport .... there is a logical justification for continuing some form of compensatory allowance to meet the higher level of house rents in Madras and possibly also the extra cost of transport

The Committee also agree that some form of allowance was justified to meet the extra cost of living in Madras for those Government servants whose pay was fixed not with reference to

Madras conditions but with reference to ordinary mufassal conditions. They also considered that the main, if not the only, element in the expensiveness of Madras that need be taken into account was the extra cost of house rents.

The Committee's recommendation was accepted.

Variable rates of house allowance as against flat rates:-

The remarks of the Retrenchment Secretary in this connection are extracted him below:-

'The policy of fixing flat rates, or a series of flat rates of allowances based on actual or average pay is no doubt dictated by the considerations (a) that it is simpler and (b) that it avoids inquisitorial methods in matters of private concern. On the other hand it must be recognized that compensatory allowances are definitely intended to meet the extra cost of certain private expenses and no system of flat rates can be expected to comply with the rule, except on the impossible assumption that all officers live in exactly the same way. Some degree of investigation into the private affairs of an officer is therefore not only justified, but is actually necessary if such allowances are to be properly regulated'.

The Committee also recognised that the system of variable rates was likely to prove more economical but they saw as a grave objection to it the danger that the amount of work entailed in investigating applications for allowances would be excessive particularly when the large number of lower paid men was taken into consideration. The Committee however finally agreed that this objection was not likely to be really serious if the system of variable rates were confined to Gazetted officers only and if non-gazetted officers were given flat rates based on the maximum rates proposed in the Memorandum.

The recommendation of the committee was accepted subject to certain slight modifications in the details.

5. The Cabinet Salaries Committee which went through the question recently have recommended the continuance of the Madras House Allowance Scheme till normal conditions are restored.

1. A brief history of the scheme relating to the Madras House Allowance is given above as desired by H.M.(Fin). The classes of officers to whom it is admissible and the rates have also been shown in the foregoing notes.

2. H.M.(Fin) wanted the following two questions to be examined:-

(1) whether some economy is not possible by restricting the benefit of the M.H.A. still further; and

(2) whether M.H.A. should be admissible to the staff recruited solely for working in the City and not liable for transfer to the mufassal (e.g.) U.D.Clerks in the "B" Class offices

3. As regards (1), H.M.(Fin). wanted information to be collected on the following points--

(a) amount being spent at present by way of M.H.A. to officers drawing a pay of Rs.1000 and above: and

(b) amount spent by way of M.H.A. to officers drawing pay between Rs.750-1000.

The information has been obtained from the A.G's. office and separately circulated to H.M.(Fin). One of the possible directions in which economy might be effect is to restrict the grant of M.H.A. only to those officers, who on transfer to the City xxxxxxxxxxxx continue to draw pay which they would have drawn in the mufassal. An officer who gets a special pay on transfer to the city might be disqualified from the M.H.A. Some such principle is already in operation; e.g. some I.C.S. officers drawing pay in the senior scale and in receipt of a special pay are not eligible to the M.H.A. As, however, it is proposed to abolish all Class I special pays (the matter is to be xxx considered in Cabinet shortly) no change in the M.H.A. rules is necessary. It is presumed that there is no intention to deny special pay as also the M.H.A; in that event officers would obviously be most unwilling to serve in the City.

4. As regards the second point, the anomaly arising out of the grant of M.H.A. to U.D. Clerks in 'B' Class offices in the City while U.D. clerks in 'A' class offices are not eligible to it has been discussed at length in another file which is already in circulation to H.M.

Intd. x x
8/1/48.

H.M.(Fin)

Finance (Pen).

H.M.(Fin) wants information on the following points.

(i) The number of officers drawing a pay of Rs.1000 and over who are in receipt of M.H.A. the total amount so drawn per month at present.

(ii) The number of officers drawing pay between Rs.750 and 1000 who draw M.H.A; the total amount so drawn per month.

Information on these points should be obtained as soon as possible.

Intd. x (x illegible)
5-12-47.

Fin.(Pen).

A draft t.m. to the A.G. is submitted for approval.

Intd. 6/12/47.

From the A.G.No.G.A.Genl.369, dated 20-12-47.

The information required is as follows:

	No. of officers.	Total M.H.A. drawn p.m.
Officers drawing a pay of Rs.1000/- and over		Rs.515-0-0

Officers drawing pay between Rs.750/- and Rs.1000/- 9 Rs.454-0-0

May be submitted to H.M.(Fin) for his information and further directions, if any, The general question of M.H.A. is being separately examined.

Intd. x.24/12/47.

The rules regarding M.H.A. may be put up.

B.G.R.
2-1-48.

With reference to the minute of H.M.(Fin) overleaf the rules regarding M.H.A. are put up at (I) and (n).

Intd. x x
4/1/48.

H.M.(Fin).

We can take this up, when we take up special pays.

B.G.R.
14-1-48.

The question of abolishing ~~xx~~ or reducing special pays is separately under consideration and it will be taken up by the Cabinet on 22-1-48. It is presumed that the intention of H.M.(Fin) is that the M.H.A. question may be taken up after a decision is arrived at by the cabinet regarding the question of abolishing on reducing class I special pays. This may ~~xxxx~~ lie over till 26-1-48. I think so.

Intd. x x
16-1-48.

Through E.III.

It has been decided by the cabinet that the question of abolishing or reducing Class I special pays should be referred to the Retrenchment and Reorganisation Committee the further action to be taken on this file may kindly be indicated.

H.M.(Fin) may see.

In another connection he minuted that there was no intention to deny both special pay and house allowance to these officers. No decision has yet been reached on the subject of special pays. This may perhaps lie over till a decision on the question of special pays has been reached.

Intd. x x
27/1/48.

B.G.R.
28.1.

Fin.(Pen).

As ordered on p.6 above, the question of M.H.A. may be taken up after a decision on special pays has been arrived at. A call book entry may be made to that effect and the papers may be

G.O.Ms.No.130, Finance, dated 6-2-1948.

R e c o r d e d.

Superintendent,
Madras Record Office.